

CITY OF CORVALLIS SERVICES CONTRACT AMENDMENT

This contract amendment document amends the Services Contract entered into by the City of Corvallis, a municipal corporation of the State of Oregon, hereafter called "City" and ECONorthwest, an Oregon Corporation, hereafter called "Contractor," which Contract was last executed on April 10, 2014. The Contract sections cited and amended below represent the entire amendment; sections of the original Contract not specifically referenced herein shall remain in force as originally intended and stated.

AMENDMENT

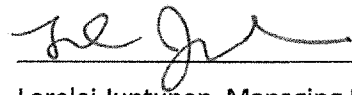
- 1.1 This contract shall be effective from the date of the last party to sign through March 31, 2015.
- 2.1 The general, amended scope of service ("Phase 2") is intended to expand on knowledge and understanding of key Corvallis housing issues gained by the City Council as a result of work completed under the original Contract ("Phase 1"). It is based on information included on pages 1 through 4 of the attached Draft Scope of Work: Phase 2 document dated September 16, 2014, which by this reference is made a part hereof.
- 2.2 The specific scope of service under this amended Contract Phase 2 is also described in the attached Draft Scope of Work: Phase 2. The scope will include completion of a housing survey report developed in Phase 1; analysis of housing market conditions in Corvallis relative to comparator cities in Oregon and other college towns across the nation; facilitated discussions of findings and analysis; and preparation of a set of policy recommendations to address identified housing needs. The Phase 2 scope of work is broken into four tasks, which include:
 - Task 1 Finalize the survey report on housing in Corvallis.
 - Task 2 Analyze and develop conclusions about the key factors that have contributed to Corvallis' housing market conditions.
 - Task 3 Facilitate three discussion groups to evaluate the Phase 2 market analysis and get input on potential policy approaches to address housing issues.
 - Task 4 Develop and present policy options for consideration by the City Council.
- 3.1 In consideration of Contractor's performance of Phase 2, City agrees to pay Contractor a fee not to exceed \$25,000, to be billed on a time and expenses basis under the payment terms and rates described in the original Contract.

IN WITNESS WHEREOF, the parties have herewith executed their signatures.


CITY OF CORVALLIS

ECONORTHWEST

 Date 10/1/14
Nancy Brewer, City Manager *Pro Tem*

 Date 9/03/14
Lorelei Juntunen, Managing Director

Approved as to Form:

 Date 9/29/14
City Attorney

ECONorthwest

ECONOMICS • FINANCE • PLANNING

DATE: September 16, 2014
TO: Corvallis Housing Study Advisory Committee
CC: Kent Weiss and Ken Gibb
FROM: Bob Parker and Beth Goodman
SUBJECT: CORVALLIS HOUSING STUDY: DRAFT SCOPE OF WORK: PHASE 2

The City of Corvallis wants to understand the dynamics of the City's housing market in the context of the broader regional housing market. To meet that goal, decision makers need comprehensive and objective information about the factors that affect demand for housing in Corvallis and how the City's existing housing stock is meeting those demands.

The City contracted with ECONorthwest to conduct a survey of commuters to better understand the housing needs and preferences of people who work in Corvallis but live elsewhere. Survey results showed that commuters to Corvallis perceive housing in Corvallis to be relatively expensive. However, survey results showed that, on average, respondent commuters paid about the same for housing as respondents who live and work in Corvallis. Commuters' dwellings and lots were bigger, on average, than those of respondents who live and work in Corvallis.

Phase 2 of the analysis builds on the results of the survey, addressing issues about Corvallis' housing market. This memorandum provides ECONorthwest's scope of work for completing the Survey report and developing a report about housing market conditions in Corvallis relative to comparator cities in Oregon and other college-towns across the nation, and preparing a set of policy recommendations related to addressing identified housing needs.

Task 1: Finalize Survey Report

In this task, ECONorthwest will finalize the survey report by:

- Ensuring that results that show an average also show a median result.
- Provide information about where commuters to Corvallis live, based on data from the Census about commuting.
- Include information about the number of school-aged children for respondents who work in Corvallis but live outside Corvallis.
- Comparison of demographic and socioeconomic characteristics of commuters with Census data about commuters to Corvallis.
- Complete the report, including completing Chapter 4 and including a transcript of written survey comments.

The product of this task will be a revised final version of the *Corvallis Housing Survey* report.

Task 2: Corvallis Housing Market Conditions

Part of the City Council's goal in conducting this study was to better understand the causes of the current mix of housing in Corvallis, both the mix of renter and owner opportunities and the mix of housing types (e.g., single-family detached or multifamily). The purpose of this analysis is to identify the key factors in Corvallis that have resulted in the current housing market conditions in Corvallis and to understand, as much as possible, the relative importance of the factors. The information developed in this task will be used to inform policy recommendations and discussions among the City Council.

This task will include analysis and conclusions about the key factors that have contributed to Corvallis' housing market conditions but it will **not** include a statistical analysis that describe the specific causes of market conditions (e.g., a regression model).

Based on our recent and past work in Corvallis, as well as our work on housing in other cities (inside Oregon and elsewhere), our opinion is that the key factors that have contributed to Corvallis' existing housing market conditions are listed below.

- The presence of **Oregon State University's students, faculty, and staff**. OSU is the largest employer in Corvallis and students at OSU account for more than one-third (and possibly nearly half) of Corvallis' population. The large number of students creates demand for rental housing.
- Corvallis is a **regional job center**, with about 30,000 employees. Corvallis has about 1.9 residents per job, compared to a State average of 2.4 residents per job. The relatively large number of jobs attracts residents to Corvallis and nearby cities (as commuters).
- Corvallis has several **large employers with higher than average pay**, including OSU, Good Samaritan Hospital, and Hewlett Packard. Households with higher than average pay are able to pay more for housing than households with lower income.
- **Corvallis' development policies** have, over the long-term, promoted development of housing in relatively compact patterns, limiting opportunities for large-lot single-family housing. In addition, Corvallis' development policies have made residential more complicated, possibly resulting in higher housing costs, and have provided protections for natural resources.
- **Annexation voting** has made annexing land into Corvallis' city limits more difficult, restricting land available for residential development.
- There is **limited ownership of larger tracts of residential land**, which may have limited availability of developable land in Corvallis.

This list is not meant to be definitive nor exhaustive. It is meant to provide a starting point and focus for research about Corvallis' housing market, based on our professional opinion and experience.

We will collect information about housing, socio-economic, development policies, and commuting trends in Corvallis. We will compare Corvallis to other cities in Oregon and to five to seven comparably sized college-towns across the U.S. We will work with Corvallis staff and the Council Committee to identify comparator cities. We will determine the timeframe necessary for the data collection as we assess data availability.

- **Residential development trends and student growth in Corvallis.** We will review the Corvallis Land Development Information Reports, as well as collecting information about student growth at OSU. Where possible and appropriate, we will identify relationships between the two.
- **Residential development trends and housing affordability comparison between Corvallis, comparably-sized cities in Oregon (and in the comparable college-towns across the U.S.** The analysis will include information about: tenure, housing mix, population growth, student population size and growth, age distribution, commuting patterns, employment characteristics (e.g., size of workforce and average pay), average residential density (for Oregon cities), income, home ownership costs, rental costs, cost burden, and other relevant characteristics.

In addition, we will develop estimates of commuting costs, both for commuters who live outside of Corvallis but also for people who live and work in Corvallis. The estimate of commuting costs will be based on results of the Phase I Survey for people living outside of Corvallis. For people living in Corvallis (and working in Corvallis), we will estimate a range of commuting costs across the city. We will estimate the costs of housing and commuting for Corvallis' workers who live outside of, as well as inside of, Corvallis.

The results of this analysis will be presented in a technical report about housing market conditions in Corvallis.

Task 3. Discussion Groups

We will facilitate discussion about the results of the Survey, analysis in Task 2, and preliminary ideas about potential policies to address Corvallis' housing issues. The purpose of the discussion groups is to ground-truth the analysis and get input on policy approaches to address housing issues.

We will conduct three discussion groups on one day. We propose the following groups for the discussions: (1) realtors in the Corvallis housing market, (2) other knowledgeable stakeholders, such as developers and affordable housing developers, and (3) commuters.

We will work with City staff and the Council Committee to develop discussion questions for the groups. City staff and the Council Committee will develop a list of people to invite to each discussion group. We will work with City staff on other logistical issues, such as identifying a space for the discussion groups and issuing invitations to the groups.

We will summarize the discussions at each group and incorporate feedback into the technical report about housing market conditions in Corvallis.

Task 4. Policy Recommendations

Based on the analysis in the Survey and in Tasks 2 and 3, we will evaluate policy options to help meet housing needs of people who live in Corvallis and other groups who might prefer to choose to live in Corvallis in the future. The evaluation will identify potential policies, changes or additions to regulations, strategies, and programs to meet the housing needs. It will consider policy issues such as preferences for and affordability of single-family housing compared to multifamily housing, as well as the balance of jobs and housing in Corvallis. We will review and consider the implications of the Corvallis Metropolitan Area Planning Organization (CAMPO) regional transportation planning scenarios.

We will present the draft results of the analysis to the City Council at a meeting in early November.

Schedule and Budget

The draft housing market conditions report will be completed by early November and ECONorthwest staff will be available to present the results to the City Council mid-November. Based on this schedule, we will need to hold the focus groups by mid-October. At the same time, we will need to collect information about market conditions in Corvallis and the comparable cities.

We propose to complete the work program described on a time and expenses basis for a fee not to exceed \$25,000.